

MAR 21 1955

Ag 3-1

Approved For Release 2000/08/24 : CIA-RDP70-00058R000100070078-8

Capehart Raps Views Of Witness

By Grant Dillman
United Press

Senator Homer E. Capehart (R-Ind.) charged yesterday that a Senate witness who criticized the stock market boom had written favorably of communism. He said he would demand that the man be recalled for questioning.

The witness, John K. Galbraith, professor of economics at Harvard University, promptly accused Capehart of quoting him out of context. He said the statements at issue had the general support of Dr. Milton Eisenhower, the President's brother, among others.

Galbraith testified in connection with the Senate Banking Committee's "friendly" investigation of the stock market. Some market analysts blamed his testimony in part for a subsequent decline in stock values.

Capehart, a Committee member, was asked about Galbraith's testimony during an appearance on the NBC radio-TV program, "American Forum." Also appearing was Sen. Mike Monroney (D-Okla.), another committee member who defended Galbraith.

Capehart read from a 1949 pamphlet issued by the National Planning Association. In it, Galbraith asserted that "dangerously little" had been said "of the achievements of communism" and that the Communists were "sincere" in their promises to erase grievances.

The Indiana Republican said either the Committee and its chairman were ignorant of Galbraith's philosophies or they knowingly scheduled his testimony to "discredit . . . the American economy."

Galbraith, who had testified that stock values appear to be outpacing the rest of the economy, fired back that the paragraphs cited by Capehart were designed only to show the appeal of communism to the European masses.

He said the Senator did not read subsequent paragraphs which "tell of the resulting danger. The pamphlet specifically states that, as of the moment, the race between communism and the West is 'a highly unequal one.'"

Galbraith added that the pamphlet had the "general" support of Milton Eisenhower and Allen Dulles, former Secretary of State and head of the hush-hush Central

Intelligence Agency. He said Capehart could not "plead ignorance of the import of the document" because he had wired the Senator before the program was filmed.

When Capehart said flatly that the professor had "praised Communism," Monroney said he didn't understand him that way. He said he understood Galbraith to have said that Communists had made "certain developments."

CPYRGHT

Approved For Release 2000/08/24 : CIA-RDP70-00058R000100070078-8